Thank you for the opportunity to comment on the Federal Reserve Board's proposed amendments to open-end credit rules under Truth in Lending (Regulation Z). I am responding on behalf of a state chartered credit union in Virginia. Our comments are outlined below.

## Definitions

We object to the proposed changes to the definition of open-end credit as outlined in the Official Staff Commentary § 226.2(a) (20) as it would limit the ability of credit unions to use multi-featured open-end lending plans. These plans have been used successfully by credit unions for over 25 years, with members being provided appropriate and sufficient disclosures and information about the plan. If these changes are adopted in the final regulation, it would negatively impact our members in the following ways: 1) it would limit the convenience and flexibility for members to borrow from their credit union, especially those members who may not live in close proximity to the credit union; and 2) the cost of credit for our members would increase, as we would have to incur costs for system programming changes, new forms and disclosures, training costs and hiring of new staff for processing loan requests that take more time to process than open-end credit. Additionally, if we must convert to more traditional closed-end lending, we are concerned that within a short period of time, we may have to revisit and change processes yet again when the Board reviews Regulation Z related to closed end lending.

## Applications and Solicitations

With regards to the proposed application and solicitation changes, we support the table format and the font type size changes (16 point for the purchase APR and 10-point font type for other disclosures). Further, we believe that the model disclosures for application and solicitation and account opening should be identical to reduce confusion for both members and financial institutions using these model forms.

## Periodic Statements

We support eliminating the requirement to disclose the "effective" APR on the periodic statement. This APR is confusing and difficult for members to understand as it can vary each statement period and sometimes differs from the APR that was disclosed to the member. Additionally, we support eliminating the requirement to disclose the periodic rate.

We do not believe that by grouping transactions by type such as purchases, fees, interest, etc. the transactions are easier to understand than listing all these items in

chronological order.

We support the flexibility that will allow lenders to provide actual repayment information on the statement or through a toll-free number instead of the hypothetical repayment information.

**Change-in-Terms**

The proposed rules would extend the time period for change in terms notification from 15 to 45 days. We believe a 30 day advance notice is appropriate and would still provide time for members to research other lenders if they do not support the terms being changed.

We also believe further clarification is needed for those financial institutions that use credit risk to price open-end credit. While the Board has addressed in their model form G-10(C) how to disclose the initial rate on applications and solicitations and at account opening, it is not clear whether any future rate adjustments based on their credit risk (score) are considered a penalty rate that would require advance change in terms notification.

**Effective Date**

We urge the Board to allow lenders significant time to prepare for and implement the finalized changes to Regulation Z. An implementation period of at least 36 months would allow time for retraining staff, reprogramming systems, and changing out forms and disclosures.

Please let me know if you have any questions or need clarification about any of our comments.


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